



# CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Adopt Revised Fleet Policy

**MEETING DATE:** March 5, 2008

**PREPARED BY:** Public Works Director

**RECOMMENDED ACTION:** Adopt the attached revised Fleet Policy.

**BACKGROUND INFORMATION:** The City's current Fleet Policy was developed in 1998 and covers a multitude of policy and administrative procedures. One significant deficiency in the policy and its implementation is the lack of an adequate mechanism for funding vehicle replacements. As part of the overall City's goal to have financial stability with appropriate reserves, staff has proposed previously that the cost of vehicles, both maintenance and replacement, be reflected in the operating budgets of each Department. While the Council has been supportive of this general approach, questions have been raised about the Fleet Policy and, in particular, the perception that the minimum replacement guidelines in the policy become a defacto standard for replacement.

A new Fleet Policy (Exhibit A) has been drafted to address Council's concerns regarding replacement and greatly simplify the policy by removing various administrative details. The proposed policy has three sections:

- Objectives – the first two are edited versions of the existing policy and the third reflects the proposal to remove all the administrative details from the Policy document.
- Policy Guidelines – "A." is new, again reflecting the removal of administrative details. The remainder consists of edited versions of statements in the existing policy.
- Replacement and Utilization Guidelines – This is entirely new, replacing the details in the existing policy. The proposed policy is summarized in Table A, Exhibit A, and the old policy is summarized in Table 1, Exhibit B. The new guidelines are broken into three sections – Replacement, Replacement Funding and Annual Utilization:
  - Replacement guidelines are shown in Table A in the new policy. The thirty-eight categories of vehicle classes in the existing policy, based on the type of vehicle, is simplified with nine classifications of vehicles based on type of use, with common service life characteristics plus one "Special Purpose" classification in which each vehicle and piece of equipment would be addressed specifically. These are typically the "one or two-of-a-kind" pieces with widely varying service lives which may have different measures (such as hours on a generator). In addition, the concept of "service life" is proposed rather than the old set number of years/miles of "first-line" operation. Service life is broken down into three stages:
    - "Green" – which is the first phase of use in which preventative maintenance should be typical and the vehicle should perform well in service.
    - "Yellow" – is the second phase in which one would anticipate more repairs and the vehicle should be evaluated annually and, perhaps more importantly, before any major repair is made. For example, putting a new engine in a pickup truck that is fourteen years old and has a weak transmission may not make sense. On the

**APPROVED:** \_\_\_\_\_  
Blair King, City Manager

other hand, repairing a police patrol car and moving it to another use classification may also be appropriate.

- “Red” – is the third phase in which the vehicle is over the expected life for the particular use classification. However, it might have useful life in another classification or as a reserve vehicle.
- Replacement funding is addressed separately with an annual charge based on a percentage of the replacement value, as described. The annual charge is in the process of being developed. Staff is examining alternatives given various assumptions as to fund balance available for vehicle replacement, as well as the age and condition of the current fleet. A recommendation will be made as part of the budget. One notable aspect of this annual charge approach is that the charge would stop when the cumulative percentage reaches 100%. This would be an incentive to extend vehicle use, both within the original use classification or in another use.
- Annual utilization is also addressed separately. This refers to the number of miles a vehicle accumulates in a year (or hours for equipment). This aspect of the policy is only indirectly related to replacement but is more directly related to the number of vehicles in the fleet. This criterion needs to be very use and/or vehicle specific and does not lend itself to the broad use classifications described earlier. For example, a building inspector’s vehicle, even in busy times, is only driven around town to job sites and the inspector walks to perform the inspection. Clearly that job needs a vehicle, but even when used every day, it will not accumulate many miles. Other vehicles, given their use, can accumulate many miles in a very short amount of time (i.e., street sweepers, transit buses). Conversely, some vehicles may be used very little – perhaps it is being kept for emergency or infrequent use, but if it is paid for and costs very little to maintain, then the actual annual utilization is not as important.

As an additional piece of information, the current age of the City’s fleet, compared to that in 2003, is shown in Exhibit C. Clearly, the fleet has aged and vehicles are not being replaced per the old policy. As shown on the chart, in 2003, 44 vehicles were one year old or less. In 2007, only 22 were less than one year old. What is not shown on the chart is that approximately 50% of the fleet is past the replacement criteria in the old policy. The proposed policy is intended to be more reflective of reality in terms of how vehicles are actually considered for replacement.

One aspect of vehicle replacement that is not directly addressed in the proposed policy has to do with “green” vehicles. The City has already moved towards use of compressed natural gas fuel for many vehicles and, given various grant and subsidy programs available, this falls under the “lowest cost” aspects of the existing and proposed policies. However, the City could consider a more aggressive approach and, as a matter of policy, acquire more vehicles that use alternative fuels or technology (such as hybrid vehicles). This could be addressed at this time, specifically for vehicles, or addressed with overall policy direction on sustainable practices.

**FISCAL IMPACT:** The fiscal impact of simply approving the policy is minimal. The real impact will be in establishing the replacement (“lease”) rates as part of the budget.

**FUNDING AVAILABLE:** Not applicable.

---

Richard C. Prima, Jr.  
Public Works Director

**Adopted by the Lodi City Council, (date), Resolution #**

---

**OBJECTIVES**

- A. To provide safe, dependable, and clean vehicles used by the City in delivering services at the lowest possible cost.
- B. To achieve the maximum utilization of each vehicle in order to keep the overall fleet size to an effective minimum.
- C. To establish overall policy direction regarding the City's fleet for administrative implementation as directed by the City Manager.

**POLICY GUIDELINES**

- A. The City Manager is responsible for the management, operation, acquisition, and disposal of City owned and leased vehicles as guided by this policy and shall establish administrative procedures and rules as appropriate.
- B. Requests to increase the size of the City fleet shall be approved by the City Council either through budget process or as appropriate during the course of the fiscal year.
- C. The City Manager is authorized to solicit bids and award contracts for the purchase of approved vehicles costing \$50,000 or less per vehicle. Purchases exceeding \$50,000 per vehicle require the approval of the City Council prior to soliciting and awarding bids.
- D. The City Manager may authorize the sale or disposal of surplus vehicles which have been removed from the City fleet.
- E. The City Council shall specifically approve acceptance of grant funded and donated vehicles. The approval is to include a determination as to whether or not the vehicle shall be included in the replacement program.
- F. City vehicles may not be used for personal business except for nominal, incidental use when the vehicle is assigned to an employee as an integral component of the employee's compensation as specifically authorized by the City Manager. No City vehicles should be taken home except those approved by the City Manager.

**REPLACEMENT AND UTILIZATION GUIDELINES**

- A. Replacement Guidelines are shown in Table A and reflect the range of conditions and circumstances under which each replacement shall be reviewed and approved by the City Manager. Accordingly, the decision to replace a vehicle is to be based on cost of operation, maintenance status, vehicle condition, major repairs anticipated and resale value, not solely due to age/mileage.
- B. Replacement funding is to be provided in the form of an annual "lease rate" or equivalent internal service charge or funding mechanism as established by the City Manager as part of the operating budget of each Department/activity and set aside in replacement funds. Funds for each enterprise/Department shall be tracked. The annual amount shall be a percentage of the anticipated replacement value of the vehicle until the cumulative charge reaches 100%. Charges to third parties for work by City forces shall include all costs of vehicle ownership and the appropriate portion also be placed in the replacement fund.
- C. The City Manager shall, at least bi-annually, formally evaluate the utilization of City vehicles to assist in the evaluation of vehicle replacement, re-use of vehicles within the City fleet, and the need for additional vehicles. Alternative transportation, such as vehicle allowances, paying mileage or rental/lease agreements or use of a vehicle pool, is to be considered before adding additional vehicles to the City's fleet or replacing a City vehicle.

## TABLE A

### GUIDELINES FOR REPLACEMENT

- 1) These guidelines are to guide consideration of vehicle replacement and major repairs. The decision to replace a specific vehicle or piece of equipment will be based on cost of operation, maintenance status, and general vehicle or equipment condition.
- 2) Use Classification indicates the main use; recognizing that a specific vehicle unsuitable for a particular use may be suitable in another classification.
- 3) Service Life is the typical life-cycle of a vehicle within the Use Classification broken down into phases as follows:
  - a. Green: Vehicle is maintained in normal fashion.
  - b. Yellow: In addition to above, vehicle is reviewed annually and prior to embarking on major repairs. Pending the results of the review, the vehicle is either kept in service for another year, removed from service, or repaired and placed back into service.
  - c. Red: Vehicle is beyond preferred service life for that Use Classification and, in addition to above, should be considered high priority for removal from service.
- 4) Removal from service would include replacement if determination is made that need for vehicle still exists. Vehicle shall also be considered for alternate service within the City fleet.
- 5) Use beyond preferred service life includes extended service if previous major repairs extended the useful service life, "reserve" or similar backup type use, or alternate use in another classification within the City fleet.

	<u>Use Classification</u>	<u>Service Life (years)</u>			<u>Anticipated Mileage by "Red" Year</u>	<u>Notes</u>
		<u>Green</u>	<u>Yellow</u>	<u>Red</u>		
1.	Police Patrol	< 4	4 to 6	> 6	100,000	
2.	Police Undercover	< 3	3 to 8	> 8	80,000	Relatively short service life recognizes need to maintain undercover anonymity and assumes possible use of used vehicles
3.	Police Motorcycles	< 3	3 to 5	> 5	60,000	
4.	Fire Engine	< 10	10 to 25	> 25	150,000	Typically keep reserve engine(s)
5.	General Purpose Transportation	< 8	8 to 10	> 10	120,000	Includes sedans, minivans, compact pickups
6.	Light/Medium Commercial	< 10	10 to 15	> 15	120,000	Generally less than 2 Ton load rating Vans, full-size pickups, light service trucks
7.	Heavy Duty Commercial	< 15	15 to 20	> 20	100,000	May vary with installed equipment Heavy service trucks, dump trucks
8.	Light Transit Buses	< 5	6 to 10	> 10	220,000	Per Federal Transit Administration
9.	Heavy Transit Buses	< 12	12 to 15	> 15	500,000	Per Federal Transit Administration
10.	Special Purpose	Specific to each vehicle/equipment as approved by the City Manager				Includes Fire Ladder Truck, Street Sweeper, Sewer Cleaner, Trailers and other special vehicles and equipment

**GUIDELINES FOR UTILIZATION/REPLACEMENT**  
**TABLE 1**

These guidelines are benchmarks to qualify for consideration when developing replacement requirements for City vehicles and equipment. Additionally, the decision to replace a vehicle or piece of equipment will be based on cost of operation, maintenance status, and general vehicle or equipment condition.

<u>Vehicle/Equipment Classes</u>	<u>Replacement Guidelines</u>			<u>Utilization Guidelines</u>	
	Years of First-Line Operation*	Miles of First-Line Operation	Reserve Period/ Secondary Use (if any)	Miles Per Year	Hours of Operation Per Year
1. Passenger Vehicle					
A. Police Patrol	4 years	90,000 miles		15,000	
B. Police Undercover	4 years	60,000 miles	3 years	6,500	
C. Other Sedans/Compact Pickups/Minivans	7 years	60,000 miles		6,500	
2. Motorcycles/Scooters					
A. Police	3 years	45,000 miles		11,250	
B. Other	7 years	3,000 hours	4 years		300
3. Emergency Vehicles					
A. Fire - Utility Vehicles	5 years				
B. Fire - Pumper	15 years		5 years		
C. Fire - Aerial Trucks	20 years		5 years		
D. Other Fire Vehicles	7 years				
E. Other (Electric Utility Service Truck)	8 years	65,000 miles	2 years	6,000	
4. Light/Medium-Weight Commercial (less than 2 tons)					
A. Pickups (full-size)	10 years	85,000 miles		6,500	
B. Vans	10 years	85,000 miles		6,500	
C. Service Trucks	10 years	85,000 miles		6,500	
D. Dump Trucks	10 years	85,000 miles		6,500	
E. Transit Buses	4 years	120,000 miles		22,500	
F. Other	10 years	85,000 miles		6,500	
5. Trailers					
A. General Trailers	15 years				
B. Specialty Trailers	15 years				

## GUIDELINES FOR UTILIZATION/REPLACEMENT (cont.)

<u>Replacement Guidelines</u>			<u>Utilization Guidelines</u>	
Years of First-Line Operation*	Miles of First-Line Operation	Reserve Period/ Secondary Use (if any)	Miles Per Year	Hours of Operation Per Year
6. Heavy Commercial (more than 2 tons)				
A. Service Trucks	15 years			
B. Dump Trucks	15 years		4,250	
C. Street Sweeper	6 years	6 years	6,250	
D. Aerial Bucket Trucks (high-range)	10 years			
E. Aerial Bucket Trucks (medium-range)	8 years			
F. Digger/Derrick Trucks	10 years			
G. Transit Buses	5 years	160,000 miles	24,000	
7. Miscellaneous Vehicles/Equipment				
A. Construction/Material Handling (items not listed below)	15 years			
B. Mowers	6 years	6,000 hours		750
C. Marine (boats)	20 years			
D. Specialty Equipment				
E. Slip-Box Paver	20 years			
F. Motor Graders	20 years			
G. Backhoe/Loaders	7 years	8 years		
H. Air Compressors	10 years	2,000 hours		150
I. Medium Crane	10 years	5 years		
J. TV Inspection System	8 years			
K. Hydro-Jet Sewer Cleaner	6 years	6 years		
L. Rough-Terrain Crane	20 years			
M. Leaf Sweeper	5 years			

\*Years of operation are measured from the original in-service date. Accordingly, years of City operation will be less for used vehicles and any cost analysis of new versus used vehicles will reflect the lower estimated life of used equipment.

